

Highlights

Internal Audit Report to the Board
of Supervisors

Why We Did This Review

In 1988, the Arizona Auditor General's Office found the County did not comply with the Single Audit Act and the Federal Office of Management and Budget's Circular A-133, which requires entities that pass through federal grant funds to monitor their subrecipients and ensure they complete a Single Audit each year.

To resolve this issue, the Board of Supervisors directed Internal Audit to annually:

- Determine which subrecipient entities must obtain independent audits
- Report subrecipient compliance with Single Audit reporting standards

Single Audit - is an independent audit of non-federal entities that expend \$500,000 or more in federal grant funds.

Subrecipient – is an organization that receives federal financial assistance to carry out a program from a primary recipient or other subrecipient.



For more information, please contact
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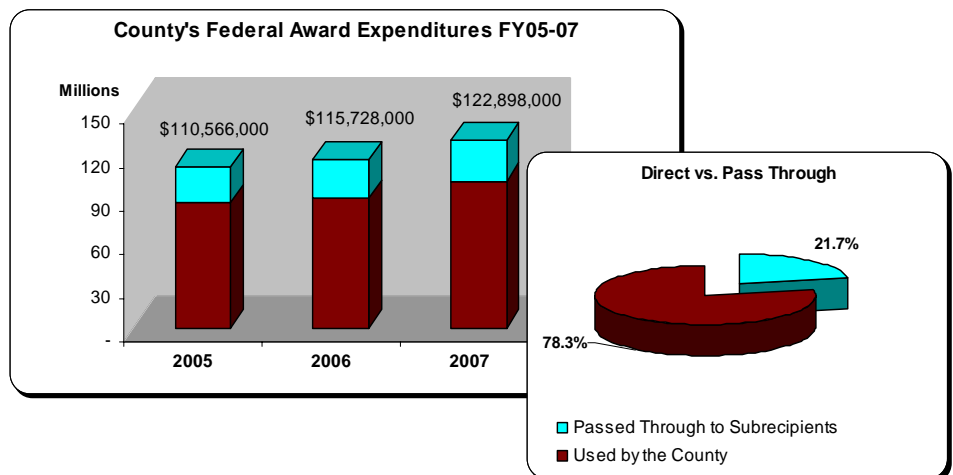
Grant Funded Organizations Federal Audit Compliance Review

Most County Subrecipients Comply with Audit Standards

What We Found

County used and distributed \$122 million in federal grant funds

Twenty-four County agencies spent over \$122.9 million in federally awarded grant funds in FY07. The County's expenditures of federal awards increased an average of five percent over the last three fiscal years from \$110.6 million in 2005 to \$122.9 million in 2007. The County passed through \$27.9 million, which is roughly 22 percent of all federal awards, to subrecipients that include cities, charitable organizations, and service foundations.



Independent auditors noted 94 findings

Federal OMB Circular A-133 required 48 of 80 subrecipients to complete and submit a copy of their Single Audit report package to the County for review. Only 38 subrecipients submitted their reports, which included 94 audit findings. Of the 94 findings, 30 were material weaknesses for five subrecipients.

MIHS accounted for 20 of the material weaknesses. Other subrecipients with material weaknesses included: Ebony House, Chicanos Por La Causa, Clinica Adelante, and Santa Cruz County. In addition, there were 23 expenditure discrepancies totaling over \$3.5 million between County agency reports and subrecipient Single Audit reports.

Internal Audit reported these findings to the appropriate agencies. These agencies are required to issue a management decision related to the audit findings and ensure the subrecipients take appropriate and timely corrective action.